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Testimony on Assembly Joint Resolution 26 Judiciary and Ethics Committee

I would like to thank Chairman Ott and the members of the committee for holding a hearing on Assembly Joint Resolution 26.

The purpose of this resolution is to delete from the constitution the offices of the Secretary of State and the State Treasurer. This is the first consideration of the constitutional amendment that requires adoption by two successive legislatures, and ratification by the people before it can become effective.

Provisions within the recently passed budget limited the responsibilities of the Secretary of State to maintaining acts of the Legislature and Governor and keeping the Great Seal of Wisconsin and affixing it to all official acts of the Governor. This Office no longer handles notaries public or the trademark and trade names functions that were transferred to the Department of Financial Institutions. Additionally the State Treasurers Office no longer handles the EdVest (college savings program) or the LGIP (Local Government Investment Pool), these responsibilities were transferred to the Department of Administration. That limits the responsibilities of the Treasurer's office to Unclaimed Property.

Both offices are prescribed by the constitution to serve as a member on the Board of Commissioners of Public Lands. This legislation would require instead that the Attorney General and the State Superintendent of Public Instruction serve on the board.

This resolution was brought forth to make Government more efficient and to save the taxpayers money.

Thank you again for taking the time out of your busy schedules to be in Madison for this hearing. I will now let State Treasurer Kurt Schuller speak and we welcome any questions after that.



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Testimony of Wisconsin State Treasurer Kurt Schuller before the Wisconsin State Assembly, Committee of Judiciary and Ethics Regarding Assembly Joint Resolution 26 (LRB-1544) August 18, 2011

Introduction

Chairman Ott, Vice-Chairman Larson, members of the Committee, thank you for allowing me to provide testimony regarding AJR 26, a constitutional amendment which I, as State Treasurer, had drafted earlier this year. As a traditional conservative, I have a great deal of respect for our state's constitution, and for its lengthy amendment process. Our three step amendment process, as laid out in Article XII, safeguards our constitution against flippancy, while giving the people of Wisconsin the tools they need to reform government in the face of a changing world.

It is a full appreciation for the amendment process that compels me to offer support for AJR 26 at this time. The elimination of the offices of the State Treasurer and Secretary of State is a necessary reform whose time has come. These offices no longer serve the same function that they once did, and the programs under their purview, while efficiently run, are not given the tools necessary to thrive.

The elimination of the offices of the State Treasurer and Secretary of State is necessary for four reasons, which I will detail momentarily. In short, they are as follows:

- 1.) The duties of the State Treasurer and Secretary of State are administrative in nature, and need not be supervised by elected political partisans.
- 2.) Dedication to government efficiency demands that we transfer programs to agencies for which they are a good functional fit.
- 3.) The cost savings associated with the elimination of the offices, while not massive, do exist. As stewards of the people's money, it is our responsibility to act in as efficient a manner as possible.
- 4.) The elimination of these offices has the widespread, bi-partisan support of a majority of Wisconsinites.

Nature of the Programs

The programs administered by the offices of the State Treasurer and Secretary of State are administrative in function. The State Treasurer oversees the unclaimed property program, which seeks to unite Wisconsinites with misplaced funds. The Secretary of State maintains the acts of the Governor and Legislature, keeps and affixes the Great Seal of Wisconsin, and provides authentications and apostilles for documents. These duties do not necessitate an elected official's oversight, and requiring such insures a system of redundancies.

Functional Fit

Respect for governmental efficiency dictates that programs be placed in agencies that have a similar range of operation. The recent removal of authority over notaries public and trademarks from the Secretary of State's Office, and their subsequent placement with the Department of Financial Institutions is an example of the kind of logical transfer to which I am referring. Disbursement of programs from the offices of the Treasurer and Secretary of State to appropriate governmental agencies will enhance the receiving entities and allow for more efficient management.

Cost Savings

Passage and enactment of AJR 26 would create cost savings by eliminating the redundant elected positions, in addition to allowing the programs' new agencies to further streamline operations. Though some may argue that these savings are minimal, I believe that it is an important step toward creating a more responsible and efficient government.

Broad Support

Figures from across the political spectrum have shown support for the passage of AJR 26. The bill has co-sponsors from both parties, and in addition to being a central part of my platform in last fall's election, the idea of eliminating the offices of the State Treasurer and Secretary of State was a much publicized element of Democratic Mayor Tom Barrett's gubernatorial campaign. In this time of need for the state, it is important for Republicans and Democrats to pursue areas of government efficiency and the fiscal health of our state, and success is more likely if work is begun from a point of common ground.

Conclusion

Thank you for the opportunity to discuss my support for AJR 26. As someone who fervently believes in good government, I think that it is critical that this amendment pass the legislature and end up in front of the people. Passing the amendment this session is the first step in that process.

Comments from Secretary of State Doug La Follette

RE: Proposed Elimination of the Office of the Secretary of State

August 18, 2011

I believe the duties of the Secretary of State should remain with an elected official. It is better to have the individual charged with these responsibilities – some of them policy oriented – to be elected for the following reasons:

First, every other State has a Sec.of State and it would be bad for Wisconsin to be so different if we want to compete in the national economy.

Secondly, there is the issue of ensuring high quality service to the people of Wisconsin. This Office runs on the fees that the public pays for the responsive service that they receive from an elected official. It is obvious that elected officials are most accountable as their performance comes under public scrutiny and periodic review at every election. And Wisconsin citizens know their names because they have voted for or against them and have observed the election campaign. This means that, unlike appointed officials or administrators, elected representatives are strongly encouraged to interact with their constituents, to be open to citizen input, and if feasible to act on it.

A related issue is the public's right to elect the men and women who administer their government. From school boards to sheriffs and from Secretary of State to State Legislators, we must allow and encourage participation in the process. Having a number of elected officials facilitates the flow of information, and lets the people of Wisconsin exercise their right to participate in their government.

In summary, something is always lost when the public's right to choose is limited. The performance of elected officials and those working for them comes under public scrutiny. The performance of appointed officials and permanent bureaucrats does not. I feel citizens of Wisconsin should not have their rights to elect their government leaders limited.

To: Wisconsin Assembly Committee on Judiciary and Ethics

August 18, 2011

From: **The Rev. David Steffenson, Ph.D.**

Consulting Director, The Upstream Institute for Ecological Ethics

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Re: Testimony on Assembly Joint Resolution 26 (first consideration) regarding the constitutional offices of Secretary of State and Treasurer.

[My credentials for testifying in this matter is that I have a Master's degree in political social ethics from Yale University and part of my consulting work and teaching in ecological social ethics and business ethics has focused on political ethics. We are dealing with an area of governance in Wisconsin that falls within my field of expertise My intention is **non-partisan** in all related matters in this testimony.]

The keyword is "**transparency.**" This word is closely linked to the time-honored phrase in constitutional law, "**checks and balances,**" and both are necessary in our government in order that justice will prevail!

Those are the reasons why we have these two separate offices in our Wisconsin Constitution. Just as the Attorney General is elected independently as a constitutional officer of the state, so it is with these two offices. However, I agree with those who would move the office of Treasurer in our Wisconsin Constitution to an appointive position in the Office of the Governor as he or she is not responsible for any assignment requiring such independence and accountability, and I agree that it would be more efficient and less costly to have the Treasurer be part of the Governor's Cabinet.

However, my memory is long and I remember back when the Secretary of State's primary function was as independent supervisor of all private and semi-private Lobbyists in our state. Lobbyists perform an important informational function in the legislative and governance process, but they must be regulated regularly through checks and balances, and must function transparently in the public sphere. It was a former governor and/or Legislature who removed those functions from this office for what I believe were political reasons, and they should be restored and strengthened with this regulatory duty spelled out in our Constitution.

Originally, it was required that every Lobbyist register each year with the Secretary of State, and at the end of the year, submit a public report on their operations, functions and funding. The Secretary of State had the power to enforce the laws of the state regulating any lobbyist or his/her activities. This responsibility was lodged in this separate constitutional office in order to fully ensure checks and balances and to keep that entire function transparent, non-partisan, and public.

Instead of reducing or eliminating that office, I propose that the particular function and power of the Secretary of State to regulate lobbyists and their activities be restored and remain independent in this constitutionally separate and protected position. Therefore, I am opposed to, and ask this committee to disapprove, of any change in the office of Secretary of State; and that the function of supervising, regulating and reporting on Lobbying in our state legislature and government be added back into the functions of that office and made constitutionally permanent.

Furthermore, I believe Wisconsin needs an independent State Auditor, elected by the people, with the power to audit all budgets and books of every instrument of this state government, report publicly any irregularities, and take appropriate legal action, hopefully in cooperation with the Attorney General, or independently if necessary. I propose that this body begins now to investigate adding this separate elected office to our Constitution in a separate amendment in the near future.

JACK C. VOIGHT

WISCONSIN STATE TREASURER

1995-2007

August 15, 2011

Re: Assembly Joint Resolution 26- Elimination of the Office of State Treasurer

To: Chair Rep. Jim Ott, Rep. Gary Hebl, Rep. Andre Jacque, Rep. Samantha Kerkman, Rep. Tom Larson, Rep. Tony Staskunas, Rep. Dave Cullen, Rep. Dave Craig

I had hoped to attend this important hearing in person to testify in opposition to the proposed joint resolution to eliminate the Office of State Treasurer. However, my wife and I will be on a long-planned vacation in Portland, Oregon to be with our eldest daughter.

I oppose this resolution and urge your rejection of it for a number of valid reasons ... reasons not embedded in politics.

Initially, I opposed the policy changes in the new biennial budget to shift the State Treasurer's program duties involving the Local Government Investment Pool and the Edvest college savings program to the Department of Administration. There were no savings as a result of this transfer. The fact is: the shifting of these programs was a matter of control and to diminish the State Treasurer's responsibilities.

At this juncture, you will decide if the Office of State Treasurer should be eliminated by a future statewide referendum. With the passage of another budget, more duties of the State Treasurer will probably be shifted under control of the Governor. Thus, the public's decision in a future referendum to retain or eliminate this office would be based upon its diminished or depleted duties.

Your decision to place this office for possible elimination should be based upon the real importance of this office for the public's benefit. Passage of this resolution and ultimately a popular referendum would result in the following:

Lack of Checks and Balances: This constitutional office began in 1848 and over a period of time, it has taken on different roles as the financial voice for the public and the legislative/executive/judicial branches of state government. This resolution, if ultimately passed by referendum, would eliminate the State Treasurer as the future financial voice for all citizens of Wisconsin.

Less Accountability: The transfer of \$6.2 billion of investments to other state agencies within the Governor's administration would be managed by bureaucrats with the sole

interests of the Governor and future Governors. These investments are within the following programs: Edvest-college savings, Local Government Investment Pool, Unclaimed Property, and the Board of Commissioners of Public Lands. All of these programs have high public visibility and interaction, and they require daily attention and action managed by an elected State Treasurer, not nameless, faceless, unaccountable bureaucrats.

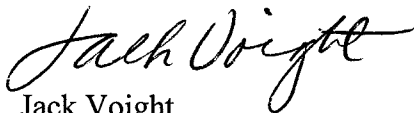
No Cost Savings: The public wants costs reduced in government programs. User fees and program revenues fund these programs ... not the general taxpayer. These programs have no GPR impact. As a matter of fact, the State Treasurer's office has been a profit center and revenue generator for many years. By the efforts of my staff and myself, as well as those of the current and previous OST administrations, over \$200 million of unclaimed property dollars have generated millions of dollars for public school libraries. In most school districts, these dollars are the only source for their operating expenses. It will take hard work to generate these dollars in the future.

In conclusion, these are a few of reasons why the Office of State Treasurer should not be considered for elimination. The public will be easily persuaded to eliminate this office if the office has no duties. Duties of an elected State Treasurer have changed and will continue to evolve or change with time. Elimination of this office will be permanent.

It was an honor and a privilege to serve as your State Treasurer for twelve years. By my efforts and those of a competent and motivated staff, I believe that I improved the office and the several services it provided to the citizens of the State of Wisconsin.

Thank you for your time, attention and thoughtful consideration.

Sincerely,

A handwritten signature in cursive script that reads "Jack Voight".

Jack Voight
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